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ABSTRACT

This fact sheet addresses pay equity, that is, the goal of a fair wage-setting process that eliminates sex and race discrimination. It begins by setting forth the problem through statistics on men's and women's median annual earnings, the occupational categories represented by women workers, and median annual earnings by occupation. A glossary is also provided. Obstacles to pay equity are then identified and answers suggested. These obstacles are considered: high cost, cultural bias, theory of the market, occupational segregation, fear of lowered male wages, and theory of apples and oranges. These remedies are recommended: collective bargaining, legislation, voluntary initiatives, and litigation. Examples of each are provided. Three national laws to protect working women's wages are cited. Finally, a national outlook is presented. Proposed federal legislation and pay equity activities at the state level are briefly outlined. (YLB)

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Pay Equity—A Fact Sheet

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The Problem

In 1985 full-time women workers earned only 64¢ compared to every $1.00 earned by men.

This amounted to an $8,571 gap between men's and women's median annual earnings.

	Annual Earnings		Women's Earnings as
	Women's	Men's	% of Men's
1955	$2,714	$4,242	63.9%
1965	3,823	6,375	60.0%
1975	7,504	12,758	58.8%
1980	11,197	18,612	60.2%
1985	15,624	24,195	64.5%

Of all employed women in 1986, 76% were in non-professional occupations: clerical, sales, service, factory, or plant jobs.

According to the Department of Labor, women workers in 1985 were divided into the following occupational categories:

Managerial and Professional	23.6%
Technicians	3.2%
Sales	13.1%
Administrative Support, including Clerical	29.2%
Service	18.2%
Craft	2.3%
Operatives	8.9%
Farm	1.1%

Sex-based wage discrimination results when wage setting is based on the sex of the worker rather than the skills required for the job.

Occupations	1985 Median Annual Earnings*
Secretary (98% female)	$14,508
Painter (94% male)	15,828
Pre-kindergarten & kindergarten teacher (99% female)	14,352
Mail Carrier (83% male)	24,232
Registered Nurse (98% female)	22,568
Electrical equipment repairer (92% male)	25,740
Bank Teller (93% female)	11,388
Shipping Clerk (75% male)	15,704

*Based on median weekly earnings

1985 Mean Annual Earnings as Percent of White Males'

White Males	$28,159	100.0%
Black Males	19,949	70.8%
Hispanic Males	19,692	69.9%
White Females	17,253	61.2%
Black Females	15,459	54.8%
Hispanic Females	14,576	51.7%

Glossary

Pay Equity

The goal of a fair wage-setting process which eliminates sex and race discrimination.

Comparable Worth

The principle that jobs can be compared which may be dissimilar in nature but equal or equivalent in terms of skill, effort, responsibility and working conditions.

Job Evaluation

A process by which individual employers arrange jobs into a rank order according to criteria for the purpose of setting salaries.

Occupational Segregation

There is an arbitrary division of the work force into jobs predominately held by men and those predominately held by women. 77% of women workers are in female-intensive occupations which are at the lowest end of the pay scale.

National Committee on Pay Equity

A coalition of over 300 members which provides leadership coordination, information and strategy direction to its members to stimulate advocacy to achieve pay equity. NCWW sits on the board of NCPE.

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Obstacles

Despite the fact that sex-based wage discrimination is illegal and that women's annual wages average only 64% of men's, the goal of achieving pay equity faces many obstacles.

High Cost

Obstacle: Opponents claim that the cost of ending pay discrimination will be prohibitive.

Answer: The courts have ruled that cost may not be a consideration in correcting discriminatory practices. So far, pay equity settlement costs in the public sector have amounted to 2% to 4% of the payroll. In the private sector, wage adjustments have been 2% of the payroll.

Cultural Bias

Obstacle: Women's work both at home and in the work force is undervalued. The predominance of women in any job results in lower pay compared to what the job would be paid if it were done by men.

Answer: Wage-setting must be freed of the burden of sex role stereotyping. Wages for female-dominated jobs such as nurse, teacher, childcare provider, waitress and secretary must reflect skill, effort, respect and working conditions as criteria, not the sex of the worker.

Theory of the Market

Obstacle: Theoreticians claim that wages are set by the free market forces of supply and demand.

Answer: Employers set wages using several factors of which market value is only one. Others include internal equity, pay progression methods and competitive structure. The external market does not exist independently; it is created by wage-setting decisions of employers plus the constraints placed on it by existing law.

Occupational Segregation

Obstacle: Despite equal opportunity laws and affirmative action, the work force remains divided into traditionally male and female jobs. Statistics show that female-dominated jobs pay the lowest wages.

Answer: Where training and acceptance into non-traditional jobs is positive, equal career paths prove to be good business. However, men often refuse to move into female jobs because of low wages. This lack of crossover perpetuates a two-tiered wage system and prevents employers from full and effective use of their human resources.

Fear of Lowered Male Wages

Obstacle: Opponents claim that if women are paid more, men will be paid less.

Answer: It is illegal under the 1963 Equal Pay Act to reduce workers' pay to eliminate illegal salary differences. Pay equity will result in wage increases for all persons in underpaid jobs, benefitting both men and women.

Theory of Apples and Oranges

Obstacle: Opponents say that dissimilar jobs cannot be compared for the purpose of wage setting.

Answer: The wages of two out of three American workers are set by job evaluations which compare dissimilar jobs. The nation's largest employer, the federal government, has set wages by rating different jobs using the same numerical system for nearly 40 years.

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Remedies

Collective Bargaining

Since the early 1980s, successful negotiations have resulted in immediate salary upgrades, implementation of job evaluation systems, and wage increases.

ITEM Iowa: In 1985, AFSCME Council 61 negotiated pay equity upgradings for 8,000 state workers holding jobs in 155 job classifications.

Legislation

Since federal law already prohibits wage discrimination in the public and private sector, new legislation seeks remedies. Laws are diverse and range from simple statements of commitment to wage equity to complex mandates for job evaluation studies and dollar appropriations.

ITEM Minnesota: In 1982, the state of Minnesota passed a pay equity plan for 30,000 civil service employees. The cost of implementing the plan was $33.4 million, which amounted to 4% of the state's annual budget, a percentage which was spread out over four years.

Voluntary Initiatives

Some employers have voluntarily taken actions to remove wage discrimination from their workplace, avoiding the time, expense, and conflict resulting from lack of action.

ITEM New Jersey: The state abolished grades 1–4 for state employees and increased by one grade all employees in grades 5–8. The state legislature passed a bill in 1986 appropriating $7 million for this purpose.

Litigation

It is important to establish judicial precedent to place more and more cases of unfair wage-setting practices before the courts.

ITEM *County of Washington (Oregon) versus Gunther:* Female prison guards were paid only 70% of the wages of male prison guards, even though the women's jobs had been evaluated by the county at 95% of the men's jobs. The court ruled that the women had a valid sex discrimination case under Title VII even though the jobs were dissimilar.

ITEM *Washington State versus AFSCME:* The court found intentional discrimination against women workers in jobs paying less than men's jobs with equivalent or lesser skill, effort, responsibility and working conditions, as measured by the state's own job evaluation studies. The case was reversed by a three-judge panel in the ninth circuit, but was settled in 1986 while pending review by the full court.

What the Law Says

Currently, three national laws protect working women's wages.

Equal Pay Act of 1963—An employer is required to pay equal wages for men and women who work in the same establishment and whose jobs require equal skill, effort, responsibility and working conditions. Pay differences based on seniority, merit system, or a system that measures earnings by quantity of production, or a factor other than sex, are exempt.

Title VII of Civil Rights Act of 1964—It is unlawful to discriminate on the basis of sex, race, color, religion, or national origin in determining wages. The Act also protects workers from discrimination in hiring and firing, fringe benefits, promotions and training. The Equal Employment Opportunity Commission is responsible for enforcement of Title VII.

The Fair Labor Standards Act—This Act provides for minimum wage and overtime pay for all workers except executive, administrative, and professional employees, who are exempt. The minimum wage stands at $3.35 per hour for the first 40 hours of work. All workers who are not exempt from the Act must receive 1½ times their regular pay for hours in excess of a 40-hour week.

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National Outlook

FEDERAL

Since 1964 there have been no new federal laws mandating solutions to sex- or race-based wage discrimination. Currently, pay equity proponents are seeking legislation which will study the federal civil service system for discriminatory practices, a task which has not been done since 1918.

■ **99th Congress**

The House of Representatives twice passed legislation that called for comprehensive studies of the federal pay system and the appointment of a Commission to formulate recommendations from the study results. Although a similar bill in the Senate had 33 cosponsors, it failed to reach the floor before the close of the session.

■ **100th Congress**

Representative Mary Rose Oakar (D-OH) and Patricia Schroeder (D-CO) have pledged to reintroduce the Federal/Equitable Pay Practices Act in early 1987. Senator Daniel Evans (R-WA) has stated his willingness to take the Senate bill to the floor for what he believes will be positive action.

Cites for this fact sheet are from:

Bureau of Labor Statistics
Census Bureau
AFSCME
National Committee on Pay Equity
Bureau of National Affairs
Brennan, Thomsen Associates, Inc.

About the Commission: The National Commission on Working Women was created to focus on the needs and concerns of the approximately 80% of women in the work force who are concentrated in low-paying, low-status jobs in service industries, clerical occupations, retail stores, factories, and plants.

STATE

In 1986, pay equity activities at the state level were at an all-time high, 46 states were participating in some form of pay equity research study or implementation.

40 states have begun to study pay equity through research and data collection.

34 states have created task forces or commissions to oversee their preliminary research actions on pay equity.

24 states have conducted or begun to conduct job evaluation studies of their civil service classifications or compensation systems.

17 states have begun to implement pay equity by appropriating wage increases for those workers in underpaid jobs who are found to be the victims of pay inequities.

Connecticut	Minnesota	Rhode Island
Florida	New Jersey	South Dakota
Idaho	New York	Vermont
Iowa	New Mexico	Washington
Massachusetts	Ohio	Wisconsin
Michigan	Oklahoma	

4 states remain where no formal action has been taken toward achieving pay equity. They are: Arizona, Arkansas, Georgia, and Delaware.

WOMEN AT WORK

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